

9643

ANNUAL FINANCIAL REPORT

ORLEANS PARISH  
COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA

DECEMBER 31, 2007 AND 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

ORLEANS PARISH  
COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA

DECEMBER 31, 2007 AND 2006

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## INDEPENDENT AUDITOR'S REPORT

May 28, 2008

Board of Commissioners  
Orleans Parish Communication District  
New Orleans, Louisiana 70130

We have audited the accompanying component unit financial statements of the Orleans Parish Communication District, a component unit of the City of New Orleans, Louisiana under accounting principles generally accepted in the United States of America, as of and for the years ended December 31, 2007 and 2006, as listed in the index to the report. These financial statements are the responsibility of the management of Orleans Parish Communication District. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States, *Audits of States, Local Governments and Non Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial positions of Orleans Parish Communication District as of December 31, 2007 and 2006, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on Pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2008 on our consideration of the Orleans Parish Communication District's internal control over financial reporting and on its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

**ORLEANS PARISH COMMUNICATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007 AND 2006**

This section of the Orleans Parish Communication District's (the District) annual financial report provides important background information and management's analysis of the District's financial performance during the fiscal years that ended on December 31, 2007 and 2006. Please read this section in conjunction with the basic financial statements and the notes to the basic financial statements beginning on Page 8 in this report.

**Financial Highlights**

- \* For 2007 operating revenues increased by \$916,734. The increase is due to an increase in population of the City of New Orleans and an increase in the fees charged.
- \* Operating expenditures in the year ended December 31, 2007 were greater than operating expenditures for 2006 in the amount of \$598,971. The increase is related to greater expenses for contractual as well as personnel services.
- \* Capital assets increased by \$1,654,447. A majority of the increase is due to continuation of construction of the District's interim building and construction of a permanent building.
- \* During 2007 the District obtained an additional loan from FEMA to assist in meeting operating expenses in the amount of \$348,845.

**Overview of the Financial Statements**

This financial report consists of the following basic parts: management's discussion and analysis (this section), and the basic financial statements, and the notes to the financial statements.

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the District's financial activities on both a short-term and long-term basis. The statement of net assets presents information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenues, expenses, and changes in fund net assets present information about the current year's revenues and expenses. The statement can be used to measure operating improvements or deterioration for the past year. The statement also provides useful information for determining whether the District's service revenue and other revenue sources were sufficient for all the District to recover all of its costs. The final financial statement in this report is the statement of cash flows, which provides information about the District's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where cash came from, what cash was used for, and what was the change in cash balance during the reporting period.

ORLEANS PARISH COMMUNICATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007 AND 2006

### Financial Analysis of the District

The statement of net assets and the statement of revenues, expenses, and changes in net fund assets report information about the District's activities. These two statements report the net assets of the District and changes in them. Increases and decreases in the District's net assets are one of a number of indicators of whether its overall financial health is improving or deteriorating. However, other nonfinancial factors such as wireless communication growth should also be considered.

### Net Assets

A summary of the District's statement of net assets is presented below:

Condensed Statement of Net Assets  
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Current Assets	\$ 6,781,599	\$ 6,284,152
Noncurrent Assets	9,062,466	8,876,603
Capital Assets – Net	<u>9,203,991</u>	<u>8,710,025</u>
<b>Total Assets</b>	<b><u>25,048,056</u></b>	<b><u>23,870,780</u></b>
Current Liabilities	1,563,248	1,686,001
Noncurrent Liabilities	<u>9,336,357</u>	<u>9,557,039</u>
<b>Total Liabilities</b>	<b><u>10,899,605</u></b>	<b><u>11,243,040</u></b>
<b>Net Assets:</b>		
Invested in Capital Assets	9,203,991	8,566,628
Restricted for Debt Service	877,910	874,133
Unrestricted	<u>4,066,550</u>	<u>3,186,979</u>
<b>Total Net Assets</b>	<b><u>\$ 14,148,451</u></b>	<b><u>\$ 12,627,740</u></b>

ORLEANS PARISH COMMUNICATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007 AND 2006

**Summary of Revenues, Expenses, and Changes in Net Assets**

The following table presents a summary of the District's revenues and expenses for the fiscal years ended December 31, 2007 and 2006:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets For the Years Ended December 31, 2007 and 2006		
	<u>2007</u>	<u>2006</u>
Operating Revenues	\$ 4,557,610	\$ 3,640,876
Operating Expenses	<u>3,656,409</u>	<u>3,057,438</u>
Operating Income	<u>901,201</u>	<u>583,438</u>
Nonoperating Revenue (Expenses):		
Federal grant	--	2,265,972
Interest income	650,496	658,201
Interest expense	(46,714)	(68,928)
Other	<u>15,728</u>	<u>6,109</u>
Total Nonoperating Revenues (Expenses)	<u>619,510</u>	<u>2,861,354</u>
Changes in Net Assets	1,520,711	3,444,792
Total Net Assets, Beginning of Year	<u>12,627,740</u>	<u>9,182,948</u>
Total Net Assets, End of Year	<u>\$ 14,148,451</u>	<u>\$ 12,627,740</u>

Operating income was \$901,201 in 2007 compared to \$583,438 in 2006 due primarily to an increase in revenues for services. Total net assets were \$14.1 million and \$12.6 million at the end of 2007 and 2006, respectively.

ORLEANS PARISH COMMUNICATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007 AND 2006

**Current Operations and Accomplishments:**

Chairman of the Board, Chief Warren E. McDaniels passed away on February 24, 2008. He was the Chairman who had served the longest and he will be greatly missed. The District is conducting its search for the next Chairman.

On January 31, 2008, Retired Police Captain Stephen J. Gordon was selected as the new permanent Director of the OPCD after the retirement of William Hawkins. Captain Gordon became the District's third Executive Director.

The OPCD maintains the 911 Center for the City of New Orleans. Before Katrina the individual financial costs of operating the 911 Centers were paid by individual departments of City Government. The OPCD has assumed this cost and responsibility from the City and intends to maintain it permanently.

The largest issue for the District will be the construction of a permanent 911 Building that will provide additional sustainability and redundancy for such a critical function for public safety. Architectural plans are nearly complete and the OPCD has contracted with a Construction Administration person to add an additional layer of oversight to the project. Bids are expected to be issued in late summer of 2008 with costs expected to exceed \$10 million.

**Plans and Projects:**

The OPCD has established contracts and relationships with outside companies that maintain the entire 911 campus at 118 City Park Avenue. Private contractors, all proficient in their fields, maintain or support the extensive telephone switching equipment and computers, the Computer Aided Dispatch system, audio logging equipment, emergency generator, security cameras, door and gate accesses systems, HVAC maintenance and lighting around the 911 Center. These contracts ensure systems are at a maximum readiness for the three public safety agencies.

The OPCD is having discussions with the Jazz Restoration Society on renovations to the Orkin Building. An agreement has not been reached as of mid year 2008. The OPCD will follow through and see the discussions to the end to move on this property.

The Gately Building has been cleared and a lead based paint and asbestos removal contract has been bid and accepted. Architectural plans have been prepared and it is planned for the tenant to make the renovations with subtractions made from their rent to pay for the renovations.

The Fireman's Charitable & Benevolent Association is in the process of removing contaminated soil so construction of the new building can proceed. This work is expected to be completed in June of 2008.



ORLEANS PARISH COMMUNICATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007 AND 2006

**Financial Issues:**

Two Senate Bills sponsored by Senator Edwin R. Murray were voluntarily withdrawn from this session and are planned for the 2009 session. All of the major wire and wireless telephone companies agreed to work with 911 Districts throughout Louisiana for a bill that would charge a 911 surcharge for any device that had the ability to contact 911, which would include all new emerging technologies. These companies promised to not oppose our proposed legislation but also support our 2009 legislation.

The District has a \$9 million loan from Iberia Bank for the new building. It is expected that an additional loan will be needed to complete the building and to install all the computer systems that are needed.

**Contacting the District's Financial Management:**

This financial report is designed to provide our citizens and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If there are any questions or additional information is needed please contact Stephen J. Gordon, Executive Director, Orleans Parish Communications District, 118 City Park Avenue, New Orleans, LA 70119, and (504) 671-3911.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2007 AND 2006

	<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$	5,816,905	\$ 3,297,674
Accounts receivable		816,194	675,506
Accounts receivable - FEMA		-	2,265,972
Prepaid expenses		148,500	45,000
Total current assets		<u>6,781,599</u>	<u>6,284,152</u>
<b>NONCURRENT ASSETS:</b>			
Restricted cash		<u>9,062,466</u>	<u>8,876,603</u>
Total noncurrent assets		<u>9,062,466</u>	<u>8,876,603</u>
<b>CAPITAL ASSETS:</b>			
Capital assets (net of accumulated depreciation)		5,556,910	5,919,370
Construction in progress		<u>3,647,081</u>	<u>2,790,655</u>
Total capital assets		<u>9,203,991</u>	<u>8,710,025</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>25,048,056</u></b>	<b>\$ <u>23,870,780</u></b>
<u>LIABILITIES AND NET ASSETS</u>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$	324,104	\$ 122,750
Due to other governments		469,940	512,120
Bonds payable		535,000	515,000
Bonds interest payable		114,303	130,780
Accrued payroll expenses		20,730	16,884
Capital lease, current portion		<u>99,171</u>	<u>388,467</u>
Total current liabilities		<u>1,563,248</u>	<u>1,686,001</u>
<b>NONCURRENT LIABILITIES:</b>			
Bonds payable net of current portion		7,970,000	8,505,000
Capital lease payable net of current portion		-	99,173
FEMA Community Disaster Loan		1,313,760	921,725
Accrued leave		<u>52,597</u>	<u>31,141</u>
Total noncurrent liabilities		<u>9,336,357</u>	<u>9,557,039</u>
Total liabilities		<u>10,899,605</u>	<u>11,243,040</u>
<b>NET ASSETS:</b>			
Invested in capital assets - net of related debt		9,203,991	8,566,628
Restricted for Debt Service		877,910	874,133
Unrestricted		<u>4,066,550</u>	<u>3,186,979</u>
Total net assets		<u>14,148,451</u>	<u>12,627,740</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>25,048,056</u></b>	<b>\$ <u>23,870,780</u></b>

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT  
 NEW ORLEANS, LOUISIANA  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES:		
Charges for services	\$ 4,557,610	\$ 3,625,876
Rental income	<u>-</u>	<u>15,000</u>
Total operating revenues	<u>4,557,610</u>	<u>3,640,876</u>
OPERATING EXPENSES:		
Personnel services	621,165	512,720
Contractual services, supplies, materials and other	1,874,763	1,523,493
Depreciation	<u>1,160,481</u>	<u>1,021,225</u>
Total operating expenses	<u>3,656,409</u>	<u>3,057,438</u>
OPERATING INCOME	<u>901,201</u>	<u>583,438</u>
NONOPERATING REVENUES (EXPENSES):		
Federal grant	-	2,265,972
Interest income	650,496	658,201
Interest expense	(46,714)	(68,928)
Miscellaneous income	<u>15,728</u>	<u>6,109</u>
Total nonoperating revenues (expenses)	<u>619,510</u>	<u>2,861,354</u>
CHANGES IN NET ASSETS	1,520,711	3,444,792
TOTAL NET ASSETS - BEGINNING	<u>12,627,740</u>	<u>9,182,948</u>
TOTAL NET ASSETS - ENDING	<u>\$ 14,148,451</u>	<u>\$ 12,627,740</u>

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for services	\$ 4,416,922	\$ 3,548,113
Cash paid for goods and services	(1,819,089)	(1,232,186)
Payments for salaries and related expenses	(595,863)	(530,180)
Cash received for rental	-	15,000
Net cash provided by operating activities	<u>2,001,970</u>	<u>1,800,747</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
FEMA loan	<u>392,035</u>	<u>921,725</u>
Net cash provided by noncapital financing activities	<u>392,035</u>	<u>921,725</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Interest paid	(63,191)	(46,397)
Purchases of capital assets	(798,858)	(3,415,671)
Construction of capital assets	(856,426)	(958,721)
Principal payments on capital lease	(371,904)	(477,637)
Principal payments on bonds	(515,000)	(495,000)
FEMA grant	<u>2,265,972</u>	<u>6,108</u>
Net cash used by capital and related financing activities	<u>(339,407)</u>	<u>(5,387,318)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	<u>650,496</u>	<u>658,201</u>
Net cash provided by investing activities	<u>650,496</u>	<u>658,201</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,705,094</b>	<b>(2,006,645)</b>
Cash and cash equivalents, January 1	<u>12,174,277</u>	<u>14,180,922</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ <u>14,879,371</u></b>	<b>\$ <u>12,174,277</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ <u>901,201</u>	\$ <u>583,438</u>
Adjustments to reconcile operating income to net cash provided (used by) operating activities:		
Depreciation expense	1,160,481	1,021,225
Decrease/(Increase) in accounts receivable	(140,688)	(77,763)
Decrease/(Increase) in prepaid	(103,500)	-
Increase (Decrease) in accounts payable	201,354	(218,772)
Increase (Decrease) in accrued payroll expenses	3,846	(3,725)
Increase/(Decrease) in accrued leave	21,456	(13,735)
Increase/(Decrease) in due to other governments	<u>(42,180)</u>	<u>510,079</u>
Total adjustments	<u>1,100,769</u>	<u>1,217,309</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ <u>2,001,970</u></b>	<b>\$ <u>1,800,747</u></b>

See accompanying notes.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Orleans Parish Communication District, comprised of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature.

The District was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number, to provide for the governing body of the District, and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide relative to the rate of the emergency telephone service charge on landline phones and to authorize the levy of an emergency telephone service charge on certain wireless communications systems.

Reporting Entity

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 1, the District is a component unit of the City of New Orleans, Louisiana (the City), the reporting entity (the Oversight Unit). The accompanying financial statements present information only as to the transactions of the District and are not intended to present fairly the financial position and results of operations of the City of New Orleans, Louisiana.

Fund Accounting

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, net assets, revenues and expenditures is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District is present in the accompanying financial statements as follows:

a) Proprietary Fund

- (1) The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenditures, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting

The Proprietary Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, it is the District's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District has not adopted any Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related standards.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased.

Restricted Cash

Certain cash to be used for planned construction of a communication center headquarters and related facilities and paying the costs of issuance of the bonds is classified as restricted assets on the statement of net assets because their use is limited by non-arbitrage certificate.

Allowance for Doubtful Accounts

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Uncollectible amounts are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property, Plant and Equipment

Property, plant and equipment associated with the activity of the District are recorded as assets of the District. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives may be found in Note 4.

Compensated Absences

Vacation (annual leave) and sick pay (sick leave) are accrued when incurred in the District.

2. CASH AND CASH EQUIVALENTS:

Cash

At December 31, 2007 and 2006, the District has cash (book balances) totaling \$14,879,371 and \$12,174,277 respectively, and \$14,908,674 and \$12,248,451, respectively, in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and pledged securities held by a different bank in joint custody.

3. RECEIVABLES:

The District had receivables due from the landline and wireless 911 tax collectors in the amount of \$816,194 and \$675,506 at December 31, 2007 and 2006, respectively.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

4. PROPERTY, PLANT, EQUIPMENT, DEPRECIATION  
AND CONSTRUCTION IN PROGRESS:

A summary of changes in property, plant, equipment, depreciation and construction in progress for the years ended December 31, 2007 and 2006 are as follows:

<u>2007</u>		Balance December 31, <u>2006</u>			Balance December 31, <u>2007</u>		
			<u>Additions</u>	<u>Disposals</u>			
Building		\$ 2,158,651	\$ 706,127	\$ --		\$ 2,864,778	
Equipment		5,893,242	91,393	--		5,984,635	
Leasehold Improvements		970,345	502	--		970,847	
Vehicles		51,904	--	--		51,904	
		9,074,142	798,022	--		9,872,164	
Construction in progress		<u>2,790,656</u>	<u>856,425</u>	<u>--</u>		<u>3,647,081</u>	
		<u>\$11,864,798</u>	<u>\$1,654,447</u>	<u>\$ --</u>		<u>\$13,519,245</u>	
		Accumulated Depreciation December 31, <u>2006</u>			Accumulated Depreciation December 31, <u>2007</u>		
	<u>Life</u>		<u>Depreciation</u>	<u>Disposals</u>			
Building	40	\$ 26,983	\$ 66,748	\$ --		\$ 93,731	
Equipment	10	3,066,877	1,046,514	--		4,113,391	
Leasehold Imp	40	46,983	36,838	--		83,821	
Vehicles	5	13,930	10,381	--		24,311	
		<u>\$ 3,154,773</u>	<u>\$ 1,160,481</u>	<u>\$ --</u>		<u>\$ 4,315,254</u>	
<u>2006</u>		Balance December 31, <u>2005</u>			Balance December 31, <u>2006</u>		
			<u>Additions</u>	<u>Disposals</u>			
Building		\$ --	\$ 2,158,651	\$ --		\$ 2,158,651	
Equipment		4,648,032	1,246,990	(1,780)		5,893,242	
Leasehold Improvements		960,315	10,031	--		970,346	
Vehicles		51,904	--	--		51,904	
		5,660,251	3,415,672	(1,780)		9,074,143	
Construction in progress		<u>1,831,935</u>	<u>958,720</u>	<u>--</u>		<u>2,790,655</u>	
		<u>\$ 7,492,186</u>	<u>\$ 4,374,392</u>	<u>\$ (1,780)</u>		<u>\$11,864,798</u>	
		Accumulated Depreciation December 31, <u>2005</u>			Accumulated Depreciation December 31, <u>2006</u>		
	<u>Life</u>		<u>Depreciation</u>	<u>Disposals</u>			
Building	40	\$ --	\$ 26,983	\$ --		\$ 26,983	
Equipment	10	2,121,508	947,126	(1,757)		3,066,877	
Leasehold Imp	40	10,248	36,735	--		46,983	
Vehicles	5	3,549	10,381	--		13,930	
		<u>\$ 2,135,305</u>	<u>\$ 1,021,225</u>	<u>\$ (1,757)</u>		<u>\$ 3,154,773</u>	



ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

5. COMPENSATED ABSENCES:

All full-time classified employees of the District hired subsequent to December 31, 1978 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick and annual leave to additional years of service. At December 31, 2007 and 2006, the accrued annual and sick leave was \$52,435 and \$31,141, respectively.

6. RELATED PARTY:

The City of New Orleans provides health and accident insurance to its employees exclusively through preferred provider organizations (PPOs). Under this type of program, the District pays initial premiums based on the level of the employee's participation and has no further liabilities on any claims. The total amount of contributions by the District for health insurance was \$41,263 and \$31,500 for 2007 and 2006, respectively.

The District entered into a contract with the City of New Orleans to pay one hundred percent of the New Orleans Police Department's telecommunications' salaries. For the years ended December 31, 2007 and 2006, the District's expense for the telecommunications salaries is \$450,000 and \$291,687, respectively. Also, the District owes the City \$469,940 and \$512,120 as of December 31, 2007 and 2006, respectively. The District also pays the City for pension expense. See footnote number 7 for the disclosures.

7. PENSION PLAN:

The District's employees participate in the Employees' Retirement System of the City of New Orleans (Plan). The pension expense recorded by the District for contributions to the retirement system for the years ended December 31, 2007 and 2006 was \$37,101 and \$37,283, respectively.

Plan Membership

The Employees' Retirement System of the City of New Orleans covers all City employees except for fire and police employees.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

7. PENSION PLAN: (Continued)

Plan Description

The Employees' Retirement System of the City of New Orleans, a single-employer defined benefit pension plan is controlled and administered by a separate Board of Trustees. The Plan covers all employees of the District. The Plan provides retirement, deferred and disability benefits, survivor benefits and cost of living adjustments to plan members and beneficiaries. The Board issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report for the years ended December 31, 2006 and 2005 may be obtained by writing to: The Employees' Retirement System of the City of New Orleans, 2400 Canal Street, Room 342, New Orleans, Louisiana 70119 or by calling (504) 826-1985.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Contributions from employees and employer and interest income are recognized as revenue when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy

Plan members are required to contribute 4% of their annual covered salary in excess of \$1,200. The District is required to contribute at an actuarially determined rate. The current rate is 8% of annual payroll. The contribution requirement of plan members and the District are established and may be amended by state statute.

Annual Pension Cost

The annual pension cost for the Plan for the current year and the employer contributions were unavailable. The annual required contributions for the current year was determined as part of the December 31, 2006 actuarial valuation using the Frozen Entry Age Actuarial Cost Method with Unfunded Actuarial Accrued Liability. Under this method, normal cost of the plan is designed to be a level percentage of payroll; calculated on an aggregate basis, spread over the entire working lifetime of the participants.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

7. PENSION PLAN: (Continued)

Annual Pension Cost (Continued)

Significant actuarial assumptions used in the valuation include: 1) rate of return on the investment of present and future assets of 7.75% compounded annually and 2) projected salary increases based on U.S. Department of Commerce adjusted for increases in standard of living. The actual value of assets is set equal to an adjusted market value of assets.

Annual Pension Cost and Net Pension Obligation information was not available.

Schedule of Employer Contributions (Amounts in Thousands)

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
12-31-05	\$ 6,396	100%
12-31-06	5,780	100%

Schedule of Funding Progress (Amounts in Thousands)  
(Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>(Unfunded) Excess of Assets Over AAL (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess as a Percentage of Covered Payroll ((a-b)/c)</u>
12-31-05	\$ 412,970	\$391,571	\$ (13,078)	105.50%	\$ 63,621	20.60%
12-31-06	403,371	378,794	9,718	106.50%	52,985	18.00%

The Schedule of Employer Contributions and Schedule of Funding Progress for the year ended December 31, 2007 was not available.

8. BOARD COMPENSATION:

The District has no board compensation as each board member serves according to employment position in the public safety agencies.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

9. LEASES:

During the year ended December 31, 2003, the District entered into a capital lease agreement for equipment. The lease requires quarterly payments ending March 2008. The lease quarterly lease payment is \$100,007. Lease payable as of December 31, 2007 and 2006 were \$99,171 and \$500,035 respectively.

Also, during the year ended December 31, 2002, the District entered into an operating lease agreement for the lease of land. The lease term is for fifty years with an option to renew for four ten-year periods beginning June 2052. The annual rent beginning June 1, 2002 is \$108,000 for the first two years. For years three through five, the annual rent will be \$216,000. For the remaining term of the lease, the annual rent will be \$216,000 multiplied by a formula based on consumer price index.

In 2007, the District entered into a maintenance and support services agreement for five years with a Corporation to provide software and support server maintenance for the computer equipment used in the operations. The maintenance and support services agreement is for \$750,000 payable over the five year term.

The District also leases the building where the administrative office is located and various equipment under month-to-month leases.

Total rent expense for all leases for the years ended December 31, 2007 and 2006 was \$321,312 and \$246,666, respectively. Future minimum lease payments for all leases are as follows:

2008	\$ 616,007
2009	216,000
2010	516,000
2011	216,000
2012	216,000
Thereafter	<u>8,640,000</u>
Total	<u>\$ 10,420,007</u>

10. EMERGENCY 911 SYSTEM:

During 2007 and 2006, the District collected \$2,498,346 and \$2,343,914, respectively, in wireless charges for telephone services. Expenditures in the amount of \$528,847.99 and \$149,618, respectively, were made during 2007 and 2006 for implementation of the E911 System. These expenditures consisted of the following: Repairs and maintenance, software maintenance, acquisitions of communication equipment, engineering equipment, capital lease of equipment and capitalized equipment.

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

10. EMERGENCY 911 SYSTEM: (Continued)

All wireless carriers operating in Orleans Parish were notified of the District's intent to implement FCC Phase II technology. Phase II testing of the facility based wireless carriers serving Orleans Parish was completed as of December 31, 2006.

11. REVENUE BONDS:

During 2004, the District issued \$10,000,000 of revenue bonds to pay part of the cost of constructing, acquiring, equipping and furnishing a communications center headquarters and related facilities and paying the costs of issuance of the bonds.

The bonds bear interest at 4.35% and mature in 2019. The Revenue Bonds will be payable from a pledge of 1) the proceeds of the emergency telephone tax imposed pursuant to law, and 2) the excess of annual revenues of the District.

A summary of changes in bonds payable for the year ended December 31, 2007 is as follows:

Balance at December 31, 2006	\$ 9,020,000
Payments	<u>515,000</u>
	8,505,000
Less: Current portion at December 31, 2007	<u>535,000</u>
Long term portion at December 31, 2007	<u>\$ 7,970,000</u>

The following amounts are expected future maturities of the bonds at December 31, 2007:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 535,000	\$ 342,910	\$ 877,910
2009	570,000	324,988	894,988
2010	595,000	304,468	899,468
2011	625,000	282,155	907,155
2012	655,000	258,093	913,093
2013-2019	<u>5,525,000</u>	<u>984,049</u>	<u>6,509,049</u>
	<u>\$8,505,000</u>	<u>\$2,496,663</u>	<u>\$11,001,663</u>

ORLEANS PARISH COMMUNICATION DISTRICT  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

12. FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) NOTE:

During the year ending December 31, 2006, the District received a loan from FEMA in the amount of \$921,725 plus interest at a rate of 2.68% per annum. The total principal and any interest are due on January 17, 2011.

During the year ended December 31, 2007 the District received an additional loan from FEMA in the amount of \$348,845 plus interest at a rate of 2.93%. The total principal and any interest are due on August, 27, 2011. As of December 31, 2007 and 2006 the amount due FEMA was \$1,313,760 and \$921,725 respectively.

13. RECLASSIFICATIONS:

Certain amounts in 2006 have been reclassified to conform with the 2007 presentation.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 28, 2008

Board of Commissioners  
Orleans Parish Communication District  
New Orleans, Louisiana

We have audited the financial statements of the Orleans Parish Communication District, a component unit of the City of New Orleans, State of Louisiana, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Orleans Parish Communication District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Orleans Parish Communication District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Orleans Parish Communication District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Orleans Parish Communication District's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Orleans Parish Communication District's financial statements that is more than inconsequential will not be prevented or detected by the Orleans Parish Communication District's internal control. We consider the deficiency described in the accompanying summary schedule of findings to be a significant deficiency in internal control over financial reporting (07-01).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Orleans Parish Communication District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Orleans Parish Communication District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance.

This report is intended solely for the information and use of management, others within the organization, City Council and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hrapmann, Hogan & Maher, LLP*



ORLEANS PARISH COMMUNICATION DISTRICT  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

SUMMARY OF AUDITOR'S RESULTS:

1. Finding Required To Be Reported Under Generally Accepted Government Auditing Standards:

Internal Control:

Significant deficiencies: no material weaknesses.

07-01 - During the audit, it was discovered that the District did not obtain from the contractor of their interim building progress billings which would include the project budget amount, amount completed and amount due with a retainer being withheld. For construction projects, the District should obtain progress billings from their contractor. Not obtaining these billings could result in an overpayment to the contractor. We recommend that the District obtain progress billings from their contractor for all construction projects. This finding is a repeat from prior comments.

RESPONSE:

The District will be using a different contractor for the Permanent Public Safety Answering Point Building and progress billings will be properly made.

SUMMARY OF PRIOR FINDINGS:

06-01 - In the prior year audit, it was discovered that the District did not obtain from the contractor of their interim building progress billings which would include the project budget amount, amount completed and amount due with a retainer being withheld. For construction projects, the District should obtain progress billings from their contractor. Not obtaining these billings could result in an overpayment to the contractor. We recommended that the District obtain progress billings from their contractor for all construction projects. This finding comment is a repeated in the current year. See comment 07-01.

06-02 - In the prior year audit, it was discovered the District entered into verbal agreements for the rental of buildings. All agreements should be in writing. Not obtaining written agreements on building rentals could result in the incorrect payment of rent and misunderstanding on the terms of the agreement. We recommended that the rental of all buildings should be documented with a written contract. This was a temporary arrangement, and in the current year audit this situation did not occur.

ORLEANS PARISH COMMUNICATION DISTRICT  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

SUMMARY OF PRIOR FINDINGS: (Continued)

06-03 - In the prior year audit, during testing of the Public Bid Law it was determined that the District did not comply with the Public Bid Law on the construction of the foundation for the temporary building. In addition, the District could not locate one of the bids received for the construction of the interim building. All public works greater than \$100,000 should be bid and awarded to the lowest bidder meeting specifications and documentation to support the contractor chosen should be retained. Not complying with the Public Bid Law results in noncompliance with the law. We recommended that the District comply with all requirements of the Public Bid law and retain all information to support compliance with the law. During the current year audit we did not discover any noncompliance with the Public Bid Law.